

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 538 - HB 656

March 6, 2021

SUMMARY OF BILL: Reduces, from 24 to 16, the number of continuing professional education (CPE) hours a certified municipal finance officer (CMFO) must acquire annually and establishes a stipend and reimbursement scheme for certain persons. Authorizes municipalities to contract with certified public accountants (CPAs) in lieu of hiring a CMFO.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$149,500/FY21-22 and Subsequent Years

Decrease Local Expenditures – Exceeds \$96,600/FY21-22 and Subsequent Years

Assumptions:

- The proposed language establishes the following, subject to available funding, to be paid by the Comptroller of the Treasury (COT):
 - A one-time stipend of \$1,000 to persons who complete CMFO certification; and
 - Meal and travel reimbursement for CMFO certification candidates while taking initial certification courses.
- Based on information provided by the COT:
 - The COT began providing 16 hours of free CPE in calendar year 2021, independent of this legislation;
 - There are currently 644 active CMFOs statewide; and
 - There are approximately 65 persons who attempt and receive CMFO certification annually.
- This analysis assumes:
 - Approximately 75 percent, or 483 (644 x 75.0%), CMFOs' CPE is paid by their employing municipality annually;
 - Such CMFOs participate in 16 hours of free CPE from the COT, with the remaining 8 (24 required – 16 free) hours paid by the municipality; and
 - CPE costs vary, but for the 8 hours of training, such costs are estimated to exceed \$200 annually, per CMFO.
- Municipalities which currently pay for 8 hours of CMFO CPE will experience a decrease in expenditures estimated to exceed \$96,600 (483 CMFO x \$200 annual CPE) statewide, beginning in FY21-22.
- Pursuant to Tenn. Code Ann. § 6-56-403, CMFO certification requires at least 80 hours of combined course and lab work. While rates of reimbursement for travel and meals

provided to CMFO candidates will vary, they are estimated to be an average of \$130 per day, with approximately 10 days (80 hours / 8 hours per day) of training, for a total of \$1,300 (\$130 x 10 days) per candidate.

- Providing a stipend and reimbursement for persons receiving CMFO certification will result in an increase in state expenditures of \$149,500 [(\$1,000 stipend + \$1,300 reimbursement) x 65 persons], beginning in FY21-22.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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